PRIVY COUNCIL REPORTS

SOCOIL CORPORATION BHD. v. NG FOO CHONG & ANOR.

[P.C. (Lord Diplock, Lord Keith of Kinkel, Lord Roskill, Lord Brightman & Lord Templeman) May 8 & June 13, 1984]
[Privy Council Appeal No. 26 of 1982]

Trade Marks – "Golden Dragon" trademark – Registered in Sabah by the respondents – Application for order that use of such trademark in relation to goods not manufactured by respondents be deemed to be a false trade description – Order made – Application to discharge order – Sabah Trade Marks Ordinance, s. 27, 52, 54 & 55 – Trade Descriptions Act, 1972, s. 16.

In this case the respondents were registered in 1976 under the Trade Marks Ordinance of Sabah as the proprietors of the trade mark of "Golden Dragon" in respect of edible oils. In 1978 the appellant began to sell in Sabah cooking oil under a mark which infringed the respondents' trade mark. The High Court made an order pursuant to section 16 of the Trade Descriptions Act 1972, that the said trade mark "Golden Dragon" used in relation to edible oils not manufactured by or distributed by the respondents shall be deemed for the purposes of the Trade Descriptions Act, 1972, to be a false trade description. The appellant appealed to the Federal Court but the appeal was dismissed by the Federal Court – see [1981] 2 M.L.J. 7. The appellant appealed against the decision of the Federal Court.

Held: (1) the respondents having proved registration and infringement were entitled to an order under section 16 of the Trade Descriptions Act, 1972 unless the appellant succeeded in satisfying the court that in the judicial exercise of his discretion conferred by the section the Judge of the High Court should not have made such order The appellant made a number of complaints which did not move the learned Judge to exercise his discretion in its favour. The Federal Court were not persuaded and the Judicial Committee of the Privy Council are not persuaded that the learned Judge erred in exercising his discretion in favour of the respondents;

(2) the order made by the learned Judge of the High Court had effect and could only have effect of rendering the use in Sabah of the Golden Dragon trade mark by the appellant a false trade description in Sabah;

(3) the appellant had applied to be registered in Western Malaysia but this had been opposed by the respondents. The appellant's opposed application in Western Malaysia has not been determined. The respondents' trade mark registered in Sabah remains effective but only in Sabah until the appellant's application has been determined;

(4) the respondents being registered proprietors of the trade mark it was for the appellant to show reason why an order should not be made under section 16. The appellant failed to lead any evidence on non-user or on absence of confusion and did not even contradict the affidavit evidence of the respondents which deposed that the trade mark was in use in Sabah and that the use of the Golden Dragon mark was calculated to lead the public to believe that cooking oils sold under that mark were the produce and manufacture of the respondents;

(5) section 16 confers express and unconditional power on a registered proprietor to make an application thereunder. The appellant had an opportunity of persuading the learned Judge that in the exercise of his discretion an order should not be made. They failed to persuade the learned judge and there are no grounds upon which the exercise of the learned Judge's discretion could be interfered with.

PRIVY COUNCIL APPEAL FROM MALAYSIA.

John Burrell Q.C. (*R.R. Sethu* with him) for the appellant.

Anthony Walton Q.C. (*P. Royan* with him) for the respondent.

Cur. Adv. Vult.

Lord Templeman (delivering the Judgment of the Board): Section 16 of the Trade Descriptions Act 1972 of Malaysia, so far as material, provides that:–

"(1) Where any person being a proprietor ... of a registered trade mark within the meaning of any written law relating to trade marks ... established –

(a) ... that his rights in respect of such trade mark are being infringed in the course of trade within the meaning of the written law ...

the High Court may on the application of such person make an order declaring that the infringing trade ... mark ... is for purposes of this Act a false trade description in its application to such goods as may be specified in the Order."

Sabah is a territory comprised in the Borneo States which form part of the federation of Malaysia. The Trade Marks Ordinance of Sabah is a written law relating to trade marks within section 16 of the Trade Descriptions Act 1972. The Ordinance established a register of trade marks and conferred on a registered proprietor the exclusive right to the use of the registered trade mark in Sabah.

On January 22, 1976 the respondents, Ng Brothers Import & Export Company, were registered under the Trade Marks Ordinance of Sabah as the proprietors of Trade Mark 19862 comprising a device of a golden coloured dragon enclosed in a circle and the words "Golden Dragon" in respect of edible oils only.

In 1978 the appellant, Socoil Corporation Bhd., began to sell in Sabah cooking oil under a mark which infringed the respondents' registered

trade mark. On July 31, 1979, on the application *ex parte* of the respondents, B.T.H. Lee J., sitting in the High Court in Borneo, made an order which, on February 21, 1980 after a hearing *inter partes* he refused to discharge, that pursuant to section 16 of the Trade Descriptions Act 1972 "the trade mark 'Golden Dragon' consisting of the device of a golden coloured dragon enclosed in a circle used in relation to edible oils and in particular to cooking oil not manufactured by or distributed by" the respondents "shall be deemed for the purposes of the Trade Descriptions Act 1972 to be false trade description". The appellant appealed from B.T.H. Lee J. to the Federal Court of Malaysia. The appeal was heard and dismissed by that court (Lee Hun Hoe C.J. (Borneo), Chang Min Tat and Syed Othman F.JJ.) on December 5, 1980. The appellant appeals with the leave of the Federal Court to His Majesty the Yang di-Pertuan Agong.

The respondents, having proved registration and infringement, were entitled to an order under section 16 of the Trade Descriptions Act 1972 unless the appellant succeeded in satisfying the court that in the judicial exercise of the discretion conferred by the section the judge of the High Court in Borneo should not have made any order. The appellant made a number of complaints which did not move the learned judge to exercise his discretion in its favour. The Federal Court were not persuaded and the Board are not persuaded that the learned judge erred in exercising his discretion in favour of the respondents.

The appellant submits that in the exercise of his discretion B.T.H. Lee J. should have declined to make an order because the order which he did make prevents the appellant from using the golden dragon mark in every part of Malaysia, although the trade mark of the respondents was only registered in Sabah. This argument is misconceived. Although by article 121(3) of the Federal Constitution of Malaysia any order of the High Court in Borneo has full force and effect throughout the Federation, the order made by B.T.H. Lee J. only had the effect, and could only have had the effect, of rendering the use in Sabah of the golden dragon mark by the appellant a false trade description in Sabah. If a somewhat equivocal passage in the judgment of the Federal Court is to be understood as meaning that the territorial ambit of the order extended beyond Sabah, that, in their Lordships' view would not be justified.

Section 6 of the Trade Marks Act 1976 which came into force in September 1983 now provides for a central trade mark register applicable to the whole of Malaysia. By section 6(4)(d) however, where a trade mark was registered before the coming into force of the Act in, for example, Sabah, and an application for the registration of an identical or similar trade mark has been made prior to the date of the coming into force of the 1976 Act by another person in any of the other regions of Malaysia, the registered trade mark shall only be effective in Sabah, unless and until the application for registration in one or more of the other regions of Malaysia has been refused, abandoned or successfully opposed. In the present case in 1976 the respondents were registered in Sabah. The appellant had applied in 1975 to be registered in Western Malaysia but not Sabah. The appellant's Western Malaysia application was not gazetted until March 31, 1977 whereupon the respondents on June 25, 1977 gave notice of objection. The appellant's opposed application for registration in Western Malaysia has not yet been determined. The respondents' trade mark registered in Sabah remains effective but only in Sabah until the appellant's application has been determined.

Next, the appellant complained that the evidence did not establish that the respondents had used the trade mark in Sabah and did not demonstrate that there was a danger of confusion between the goods of the appellant and the goods of the respondents. The respondents being registered proprietors of the trade mark, it was for the appellant to show reason why an order should not be made under section 16. The appellant failed to lead any evidence on non-user or on absence of confusion, and did not even contradict the affidavit evidence of the respondents which deposed that the trade mark was in use in Sabah and that the use of the golden dragon mark was calculated to lead the public to believe that cooking oils sold under that mark were the produce and manufacture of the respondents.

It was submitted that section 16 was only intended to protect the public and was not intended to protect the registered proprietor of a trade mark who should before applying for an order under section 16, so it was said, take civil proceedings proving the validity and user of his mark. Section 16 however confers express and unconditional power on a registered proprietor to make an application thereunder. The appellant had an opportunity of persuading the learned judge that in the exercise of his discretion an order should not be made. They failed to persuade the judge and there are no grounds upon which the exercise

of the learned judge's discretion could be interfered with.

Their Lordships will advise His Majesty the Yang di-Pertuan Agong that the appeal should be dismissed with costs.

Appeal dismissed

Solicitors: *MacFarlanes; Coward Chance*

UNITED MALAYAN BANKING CORPORATION BHD. & ANOR. v. PEMUNGUT HASIL TANAH, KOTA TINGGI

[P.C. (Lord Keith of Kinkel, Lord Bridge of Harwich, Lord Brandon of Oakbrook, Lord Templeman & Sir Robin Cooke) June 11 & 12; July 9, 1984]
[Privy Council Appeal Nos. 39 and 40 of 1982]

Land Law – Alienated Land – Non-payment of rent – Forfeiture – Validity of – Jurisdiction of Court to grant relief against forfeiture – National Land Code, ss. 94(2), 97(1), 98, 99, 100 & 418.

English Law – Importation of English rules of equity – Civil Law Act, 1956, ss. 3(1) & 6.

In December 1966 the State Authority of Johore alienated to the second appellants under section 76 of the National Land Code, land in Kota Tinggi for a term of 99 years in consideration of a stipulated annual rent and other conditions. The second appellants laid out very considerable sums of money in the development of the land for the purpose of a sugar plantation and they also granted a number of charges over the land in favour of the first appellant for the purpose of securing the repayment of loans which in November 1977 amounted to $5,334,163.60 with interest.

The rent payable by the second appellants in respect of the year 1977 was $124,080 plus education rate of $31,020. The amount fell due on January 1, 1977 and not having been paid before June 1, 1977 fell to be treated as falling in arrear. Accordingly the Collector of Land Revenue for the district caused a notice of demand to be served on the second appellant. A copy of the notice was also served on the first appellants as chargees, so as to give them the opportunity of paying the rent themselves if they chose. The notice required payment of the rent together with penalties within the period of three months. Owing to misunderstandings between the appellants, neither rent nor penalties were paid by either of them within that period. The Collector of Land Revenue thereupon made an order declaring the land forfeit to the State Authority and this order was published in the Gazatte. The appellants then instituted proceedings by motion under section 418 of the Land Code and appealed to the High Court. Gill C.J in the High Court gave judgment in favour of the appellants granting relief against forfeiture. The respondent appealed to the Federal Court which gave judgment allowing the appeal – see [1981] 2 M.L.J. 264. The appellants appealed from the judgment of the Federal Court.

Held: (1) a demand which is excessive in amount whether in respect of arrears fee or notice fee or both cannot be regarded as an irregularity of service or an irregularity of form under section 134(2) of the National Land Code, but is a matter of substance. In this case however the amount demanded by the notice was of the correct amount and so there was no basis for the attack on the validity of the notice;

(2) the granting of an application for relief against forfeiture would constitute the setting aside of the order for forfeiture within the meaning of subsection (2) of section 134 of the National Land Code and the provisions of the Code evince an intention that the English rules of equity should not be available to proprietors of alienated land;

(3) section 3(1) of the Civil Law Act 1956 cannot be relied on by the appellants for the importation of the English rules of equity as the provisions of the National Land Code are inconsistent with such rules;

(4) laws relating to tenure, which are referred to in section 6 of the Civil Law Act 1956, must embrace all rules of law which govern the incidents of the tenure of land and among these incidents is the right in appropriate circumstances, to the grant of relief against forfeiture;

(5) the National Land Code is a complete and comprehensive code of law governing the tenure of land in Malaysia and the incidents of it as well as other important matters affecting land and there is no room for the importation of any rules of English Law in that field except in so far as the Code itself may expressly provide for this.

Case referred to:–

(1) *Zainal bin Hashim* v. *Government of Malaysia* [1980] A.C. 734, 742, 743; [1979] 2 M.L.J. 276.

PRIVY COUNCIL APPEAL FROM MALAYSIA.

Stuart McKinnon Q.C (*Chin Yew Meng* with him) for the 1st appellant.

John Stuart Colyer Q.C (*Dato V. Jeyaratnam* and *P.S. Gill* with him) for the 2nd appellant.

Steward Bates Q.C. (*Stephen Allcock* with him) for the respondent.

Cur. Adv. Vult.

Lord Keith of Kinkel (delivering the judgment of the Board): These consolidated appeals from the Federal Court of Malaysia raise issues regarding the validity of a notice of forfeiture of alienated land issued under the relevant provisions of the National Land Code 1965 ("the Code"), and also regarding the jurisdiction of the courts to grant relief against such forfeiture.

In December 1966 the State Authority of Johore alienated to the second appellants, under sec-